

THE OFFICE OF REGULATORY STAFF

DIRECT TESTIMONY & EXHIBITS

OF

IVANA C. GEARHEART

APRIL 14, 2015



DOCKET NO. 2014-406-S

**Application of Development Service, Incorporated for
Approval of Sewer Rates, Terms and Conditions**

DIRECT TESTIMONY OF

IVANA C. GEARHEART

ON BEHALF OF

THE SOUTH CAROLINA OFFICE OF REGULATORY STAFF

DOCKET NO. 2014-406-S

IN RE: APPLICATION OF DEVELOPMENT SERVICE, INCORPORATED

FOR APPROVAL OF SEWER RATES, TERMS AND CONDITIONS

Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS, AND OCCUPATION.

A. My name is Ivana Gearheart. My business address is 1401 Main Street, Suite 900, Columbia, South Carolina, 29201. I am employed by the South Carolina Office of Regulatory Staff ("ORS") as an Audit Manager.

Q. PLEASE STATE YOUR EDUCATIONAL BACKGROUND AND EXPERIENCE.

A. I received a Master's Degree in Business Administration with an emphasis in Accounting from Winthrop University in 2006. Prior to joining ORS, I held a variety of positions in finance, accounting, and auditing. I began my employment as an auditor with ORS in June 2011 and have participated in various audits of utility companies, which include water and wastewater rate cases. I was promoted to the water and wastewater manager in 2014 and have previously testified before the Public Service Commission of South Carolina ("Commission").

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?

A. The purpose of my testimony is to set forth my findings and recommendations resulting from ORS's examination of the Application of Development Service, Inc. ("DSI")

or "Company") in this docket, 2014-406-S. The application was filed on December 31, 2014.

Q. PLEASE DESCRIBE THE PROCEDURES USED TO PERFORM THE EXAMINATION OF THE APPLICATION OF DEVELOPMENT SERVICE, INC.

A. ORS's examination of the Company's Application for Approval of Sewer Rates, Terms and Conditions ("Application") consisted of three major steps. In step one, ORS verified that the operating experience, reported by DSI in its Application, was supported by DSI's accounting books and records for the twelve months ended December 31, 2013 ("test year"). In the second step, ORS tested the underlying transactions in the books and records for the test year to ensure that the transactions were adequately supported, had a stated business purpose, were allowable for ratemaking purposes, and were properly recorded. Lastly, ORS's examination consisted of adjusting, as necessary, the revenues, expenditures, and capital investments to normalize the Company's operating experience and operating margin, in accordance with generally accepted regulatory principles and prior Commission orders.

Q. PLEASE IDENTIFY THE EXHIBITS ATTACHED TO YOUR TESTIMONY.

A. I have attached the following exhibits to my testimony relating to the Application:

- Audit Exhibit ICG-1: Operating Experience & Operating Margin
- Audit Exhibit ICG-2: Explanation of Accounting and Pro Forma Adjustments
- Audit Exhibit ICG-3: Computation of Depreciation Expense
- Audit Exhibit ICG-4: Computation of Income Taxes

These exhibits were either prepared by me or were prepared under my direction and supervision in compliance with recognized accounting and regulatory procedures for

wastewater utility rate cases. These exhibits show various aspects of DSI's operations and financial position.

Q. PLEASE DESCRIBE THE FORMAT OF AUDIT EXHIBIT ICG-1 AND ELABORATE ON THE CALCULATIONS.

A. Audit Exhibit ICG-1 details DSI's operating experience and operating margin for wastewater operations for the test year. The exhibit's format is designed to reflect DSI's Application per books amounts and ORS's proposed accounting and pro forma adjustments necessary to normalize the results of DSI's test year operations, and to calculate the impact of the proposed increase on the normalized test year.

Column (1) details the Application's per books amounts reported by DSI for the test year. ORS verified total operating revenues of \$527,580, total utility operating expenses of \$493,943 and net loss for margin of (\$9,533) to the Company's books and records. The per books negative operating margin of -1.81% was calculated by using total operating income, less interest expense, divided by total operating revenues.

Column (2) details ORS's proposed accounting and pro forma adjustments designed to normalize DSI's Application per books. An explanation of each adjustment is contained in Audit Exhibit ICG-2.

Column (3) details ORS's calculation of a normalized test year for DSI by adding columns (1) and (2). After the accounting and pro forma adjustments, net income for margin of \$2,197 was computed using total operating revenues of \$553,640, less total utility operating expenses of \$513,939, less interest expense of \$37,504. An operating margin of 0.40% was computed by dividing net income for margin by total operating revenues.

Column (4) details the proposed increase, the calculation of bad debt expense, and taxes associated with the proposed increase. An explanation of each adjustment is contained in Audit Exhibit ICG-2.

Column (5) details the effect of the applicant's proposed increase by adding columns (3) and (4). Net income for margin of \$175,290 was computed using total operating revenues of \$839,786, less total utility operating expenses of \$626,992 and less net interest expense of \$37,504. An operating margin of 20.87% was computed by dividing net income for margin by total operating revenues.

Q. PLEASE EXPLAIN THE ADJUSTMENTS IN AUDIT EXHIBIT ICG-2.

A. For comparative purposes, ORS's and DSI's proposed adjustments are both presented in Audit Exhibit ICG-2.

Adjustments 1, 2, 3 and 4 – Operating Revenue – In order to normalize operating revenues, the ORS Water and Wastewater Department proposes to adjust wastewater revenues by \$164,069 for residential customers, (\$155,674) for commercial customers, \$2,819 for late fees and \$14,846 for Miscellaneous revenue during the test year. These adjustments were provided by ORS witness Willie Morgan.

Adjustment 5 – Operating Expenses:

ORS's operating expense adjustments total (\$36,750) and are comprised of the following:

Adjustment 5(a) – ORS proposes a payroll adjustment of (\$42,444). ORS proposes to annualize the latest available salary information as of January 2015. ORS adjusted the payroll based on allocation of all employees' salaries between Midlands Utilities, Inc. ("Midlands"), a sister company and DSI. ORS computed annualized salaries of \$139,602, less per book salaries of \$182,046, for an adjustment of (\$42,444).

1 Adjustment 5(b) – ORS proposes an adjustment to employee pensions and benefits for
2 adjusted salaries. ORS computed annualized employee pensions and benefits of \$24,127,
3 less per book employee benefits amount of \$34,745, for an adjustment of (\$10,618).

4 Adjustment 5(c) – ORS proposes to remove non-allowable expenses of (\$14,403) from
5 operating expenses. The documents provided in support of these expenses indicated that
6 several of these expenses, such as taxes on vehicles used by both companies, should have
7 been allocated between Midlands and DSI. Other non-allowable expenses included due
8 diligence expenses to discuss a Midlands and DSI merger. There were also several
9 expenses for office painting and repairs, and property taxes that are now covered under
10 the new lease agreement between Midlands and DSI. ORS also removed donations, a
11 sponsorship and charity expenses which are considered non-allowable expenses for
12 ratemaking purposes.

13 Adjustment 5(d) – ORS verified rate case expenses of \$18,956 as of March 31, 2015.
14 These charges included legal fees, administrative expenses, office supplies and consulting
15 fees. ORS proposes to include amortized rate case expenses of \$6,319. This amount
16 represents rate case expenses of \$18,956 amortized over a 3-year period.

17 Adjustment 5(e) – ORS proposes to adjust bad debt expenses by \$14,346. This amount
18 reflects the test period revenue write-off percentage 2.59% applied to ORS's applicable
19 pro forma revenue at present rates. This amount was provided by the ORS Water and
20 Wastewater Department.

21 Adjustment 5(f) – ORS proposes to add expenses of \$450 for Palmetto Utility Protection
22 Service (PUPS). This amount reflects the annual membership fee to PUPS which is

1 required by the South Carolina Underground Facility Damage Prevention Act signed on
2 June 7, 2011.

3 Adjustment 5(g) – ORS proposes to include annual rent of \$9,600 for office space in a
4 building owned by Midlands. ORS found that the proposed rate in the lease agreement
5 between Midlands and DSI is comparable to rates in the Lexington, SC area.

6 Adjustment 6 - ORS proposes to add \$16,959 to depreciation expense. ORS proposes to
7 annualize depreciation expense and adjust for known and measurable plant in service as
8 of March 31, 2015. The details of this adjustment are shown in Audit Exhibit ICG-3.
9 ORS updated plant in service to reflect plant additions and retirements since the end of
10 the test year and to reflect certain costs considered non-allowable. Assets without proper
11 documentation were removed as part of this adjustment. ORS also allocated a portion of
12 certain assets to Midlands. ORS's total depreciation expense amounted to \$96,918 less
13 the per book amount of \$79,959, for a total adjustment of \$16,959.

14 Adjustment 7 – ORS proposes to include property taxes of \$43,107 in accordance with
15 taxes billed by Lexington County. The adjustment of \$39,408 was derived using total
16 taxes of \$43,107 less the per book amount of \$3,699.

17 Adjustment 8 – ORS proposes an adjustment of (\$2,452) to payroll taxes. This amount
18 was calculated on the allocated portions of the salaries and benefits.

19 Adjustment 9 – ORS proposes to add gross receipts and utility/commission taxes
20 associated with adjusted total operating revenue. Using the factor of .009315 and the
21 adjusted revenues of \$553,640, ORS calculated the utility/commission taxes of \$5,157
22 less \$3,633 per books for an increase of \$1,524.

1 Adjustment 10 – ORS proposes to include \$175 for state income taxes after accounting
2 and pro forma adjustments. See Audit Exhibit ICG-4.

3 Adjustment 11 - ORS proposes to include \$1,132 for federal income after accounting and
4 pro forma adjustments. See Audit Exhibit ICG-4.

5 Adjustment 12 – ORS proposes to remove (\$5,666) from interest expense. ORS proposes
6 to synchronize interest expense with DSI's rate base. ORS computed allowable interest
7 expense of \$37,504, less the per book amount of \$43,170, for an adjustment of (\$5,666) to
8 interest on long-term debt.

9 Adjustments 13, 14, and 15 – At proposed increased rates, DSI would produce additional
10 revenues of \$103,128 for Residential Service, \$181,483 for Commercial Service, and
11 \$1,535 for Late Fees. This equates to \$286,146 in additional Operating Revenues for
12 Wastewater Operations. These adjustments were provided by ORS witness Willie Morgan.

13 Adjustment 16 – ORS proposes to add \$7,414 to bad debt expense. This amount reflects
14 the test year revenue write-off percentage of 2.59% applied to the proposed increased
15 revenue. This amount was provided by ORS witness Willie Morgan.

16 Adjustment 17 – Taxes Other Than Income Taxes – ORS proposes to adjust for gross
17 receipts and utility/commission taxes associated with the proposed increase. ORS used a
18 factor of .009315 and the proposed increase of \$286,146, for an adjustment of \$2,666.

19 Adjustment 18 – ORS proposes to adjust for state income taxes associated with the
20 proposed rate increase. The adjustment amounts to \$13,804.

21 Adjustments 19 – ORS proposes to add \$89,169 to federal income tax expenses to adjust
22 taxes associated with the proposed increase. See Audit Exhibit ICG-4.

23 **Q. PLEASE DESCRIBE THE REMAINING AUDIT EXHIBITS.**

- 1 **A.** Audit Exhibit ICG-3 shows ORS's calculation of depreciation expense. Audit
2 Exhibit ICG-4 shows ORS's computation of income taxes.
- 3 **Q.** **DOES THIS CONCLUDE YOUR TESTIMONY?**
- 4 **A.** Yes.

Development Service, Inc.
Docket Number 2014-406-S
Operating Experience & Operating Margin
Test Year Ending December 31, 2013
Sewer Operations

<u>Description</u>	(1) <u>Application Per Books</u>	(2) <u>Accounting & Pro Forma Adjustments</u>	(3) <u>After Accounting & Pro Forma Adjustments</u>	(4) <u>Proposed Increase</u>	(5) <u>After Proposed Increase</u>
<u>Operating Revenues:</u>					
Residential	\$ 25,374	\$ 164,069 (1)	\$ 189,443	\$ 103,128 (13)	\$ 292,571
Commercial	488,840	(155,674) (2)	333,166	181,483 (14)	514,649
Late Fees	0	2,819 (3)	2,819	1,535 (15)	4,354
Miscellaneous Revenue	13,366	14,846 (4)	28,212	0	28,212
<u>Total Operating Revenues</u>	\$ 527,580	\$ 26,060	\$ 553,640	\$ 286,146	\$ 839,786
<u>Utility Operating Expenses:</u>					
Operating Expenses	\$ 393,454	\$ (36,750) (5)	\$ 356,704	\$ 7,414 (16)	\$ 364,118
Depreciation Expense	79,959	16,959 (6)	96,918	0	96,918
Taxes Other Than Income - Property Taxes	3,699	39,408 (7)	43,107	0	43,107
Taxes Other Than Income - Payroll Taxes	13,198	(2,452) (8)	10,746	0	10,746
Taxes Other Than Income - Utility Assessment	3,633	1,524 (9)	5,157	2,666 (17)	7,823
Income Taxes - State Income Tax	0	175 (10)	175	13,804 (18)	13,979
Income Taxes - Federal Income Tax	0	1,132 (11)	1,132	89,169 (19)	90,301
<u>Total Utility Operating Expenses</u>	\$ 493,943	\$ 19,996	\$ 513,939	\$ 113,053	\$ 626,992
<u>Total Operating Income</u>	\$ 33,637	\$ 6,064	\$ 39,701	\$ 173,093	\$ 212,794
Less: Interest Expense	43,170	(5,666) (12)	37,504	0	37,504
<u>Net Income (Loss) for Margin</u>	\$ (9,533)	\$ 11,730	\$ 2,197	\$ 173,093	\$ 175,290
<u>Operating Margin</u>	<u>-1.81%</u>		<u>0.40%</u>		<u>20.87%</u>

Development Service, Inc.
Docket Number 2014-406-S
Explanation of Accounting and Pro Forma Adjustments
Test Year Ending December 31, 2013

Audit Exhibit ICG-2
Page 1 of 2

ORS Adtl.	DSI Adtl.	Description	Sewer Operations	
			ORS	DSI
<u>Accounting and Pro forma Adjustments</u>				
<u>Operating Revenues</u>				
(1)	(1)	<u>Residential</u>	To adjust residential revenue to reflect the pro forma number of customers at present rates.	\$ 164,069 \$ (3,448)
(2)	(1)	<u>Commercial</u>	To adjust commercial revenue to reflect the pro forma number of customers at present rates.	\$ (155,674) \$ 24,343
(3)	(1)	<u>Late Fee</u>	To adjust Late Fees to reflect pro forma numbers at present rates.	2,819 1,141
(4)	(1)	<u>Miscellaneous Revenue</u>	To adjust miscellaneous revenues to reflect pro forma numbers at present rates.	\$ 14,846 \$ 0
<u>Total Operating Revenues</u>			\$ 26,060	\$ 22,036
<u>Utility Operating Expenses</u>				
(5)		<u>Operating Expenses</u>		
(3)	5(a)	Payroll Adjustment	To annualize salary expenses based on the most recent pay information.	\$ (42,444) \$ 6,372
(3)	5(b)	Employee Benefits	To annualize employee pensions and benefits relative to pro forma salaries.	\$ (10,618) \$ 0
(3)	5(c)	Nonallowables	To adjust for nonallowable expenses.	\$ (14,403) \$ 0
(3)	5(d)	Rate Case Expenses	To adjust for the 3-year amortization of rate case expenses.	\$ 6,319 \$ 0
(3)	5(e)	Bad Debt Expense	To adjust bad debt expense to reflect test period revenue write-off percentage applied to ORS pro forma revenue at present rates.	\$ 14,346 \$ 14,290
(3)	5(f)	Palmetto Utility Protection Service (PUPS)	To adjust for PUPS expense	\$ 450 \$ 2,000
(3)	5(g)	Office Lease	To adjust for office building lease	\$ 9,600 \$ 0
<u>Total Operating Expenses</u>			\$ (36,750)	\$ 22,662
(6)	(2)	<u>Depreciation Expense</u>	To adjust the annual depreciation for plant in service. See Audit Exhibit ICG - 3.	\$ 16,959 \$ 17,747
(7)		<u>Property Taxes</u>	To adjust property taxes to reflect actual tax bills on verified property owned by DSI.	\$ 39,408 \$ 48,283
(8)		<u>Payroll Taxes</u>	To adjust payroll taxes to reflect pro forma wages.	\$ (2,452) \$ 0
(9)		<u>Taxes and Licenses, Utility Assessment</u>	To adjust for gross receipts and utility assessment.	\$ 1,524 \$ 0
(10)		<u>State Income Taxes</u>	To adjust state income taxes associated with ORS's accounting and pro forma adjustments. See Audit Exhibit ICG-4.	\$ 175 \$ (669)
(11)		<u>Federal Income Taxes</u>	To adjust federal income taxes associated with ORS's accounting and pro forma adjustments. See Audit Exhibit ICG-4.	\$ 1,132 \$ (4,323)

Development Service, Inc.
Docket Number 2014-406-S
Explanation of Accounting and Pro Forma Adjustments
Test Year Ending December 31, 2013

Audit Exhibit ICG-2
Page 2 of 2

ORS Add.	DSI Add.	Description	Sewer Operations	
			ORS	DSI
(12)	<u>Interest Expense</u>	To adjust the interest expense on long-term debt for accounting and pro forma adjustments.	\$ <u>(5,666)</u>	\$ <u>(5,513)</u>
<u>Applicant's Proposed Increase</u>				
(13)	<u>Residential</u>	To adjust sewer service revenues for ORS's recalculation of the Company's proposed increase.	\$ <u>103,128</u>	\$ <u>11,939</u>
(14)	<u>Commercial</u>	To adjust sewer service revenues for ORS's recalculation of the Company's proposed increase.	\$ <u>181,483</u>	\$ <u>280,061</u>
(15)	<u>Late Fees</u>	To adjust for Late fees associated with the Company's proposed increase.	\$ <u>1,535</u>	\$ <u>0</u>
(16)	<u>Bad Debt Expense</u>	To adjust bad debt expense to reflect the test period revenue write-off percentage to the Company's proposed increase.	\$ <u>7,414</u>	\$ <u>21,882</u>
(17)	<u>Taxes and Licenses, Utility Assessment</u>	To adjust for gross receipts and utility assessment associated with the Company's proposed increase.	\$ <u>2,666</u>	\$ <u>0</u>
(18)	<u>State Income Taxes</u>	To adjust state income taxes associated with the Company's proposed increase. See Audit Exhibit ICG-4.	\$ <u>13,804</u>	\$ <u>10,391</u>
(19)	<u>Federal Income Taxes</u>	To adjust federal income taxes associated with the Company's proposed increase. See Audit Exhibit ICG-4.	\$ <u>89,169</u>	\$ <u>67,130</u>

Development Service, Inc.
Docket Number 2014-406-S
Computation of Depreciation Expense
Test Year Ending December 31, 2013

Asset	Date in Service	DSI Per Application	ORS Adjustment	Adjusted Plant in Service	Allocation	Allocated Amount	Service Life	Depreciation Rate	Current Depreciation	Prior Depreciation	Accumulated Depreciation	Net Book Value
1999 Ford F-150	6/15/02	23,249	0	23,249	33%	7,672	FD	FD	0	7,672	7,672	0
General Plant - Computer	11/01/88	1,500	0	1,500	100%	1,500	FD	FD	0	1,500	1,500	0
Computer	1/31/04	1,648	(1,648)	0	100%	0	FD	FD	0	0	0	0
2008 Dodge Pickup	12/30/05	27,556	0	27,556	100%	27,556	FD	FD	0	27,556	27,556	0
Computer & Software	5/01/05	6,350	(6,350)	0	25%	0	FD	FD	0	0	0	0
John Deere Mower	6/19/13	10,486	0	10,486	75%	7,865	12	8.33%	655	0	655	7,209
2008 Dodge Ram	10/24/12	37,896	0	37,896	50%	18,948	6	16.67%	3,159	526	3,685	15,263
Copier	7/01/09	3,788	(3,788)	0	25%	0	6	16.67%	0	0	0	0
Total 6-year service life		112,473	(11,786)	100,687		63,541			3,814	37,255	41,068	22,472
CAT Backhoe	10/15/03	53,550	0	53,550	10%	5,355	12	8.33%	446	4,089	4,535	820
Kobelco Excavator	12/31/07	119,967	0	119,967	75%	89,975	12	8.33%	7,495	37,475	44,970	45,006
Total 12-year service life		173,517	0	173,517		95,330			7,941	41,564	49,505	45,826
Office Desk	3/01/04	300	0	300	100%	300	15	6.67%	20	175	195	105
Case Generator	8/31/04	26,115	(1,647)	24,468	100%	24,468	20	5.00%	1,223	10,195	11,418	13,050
Toshiba Generator	8/05/06	1,270	0	1,270	100%	1,270	20	5.00%	64	402	466	804
Digester / Sludge Project	12/17/07	0	3,670	3,670	100%	3,670	15	6.67%	245	1,224	1,469	2,201
Total 15-year service life		27,685	2,023	29,708		29,708			1,552	11,996	13,548	16,160
BR-Equipment Systems	1/01/03	631,320	(1,595)	629,725	100%	629,725	18	5.56%	35,012	347,209	382,222	247,503
BR Pump	8/22/13	0	2,550	2,550	100%	2,550	18	5.56%	142	0	142	2,408
Digester / Sludge Project	11/05/08	0	122,330	122,330	100%	122,330	18	5.56%	6,802	27,773	34,575	87,756
Total 18-year service life		631,320	123,285	754,605		754,605			41,956	374,982	416,939	337,667
CAT Generator	10/15/03	37,000	0	37,000	0%	0	20	5.00%	0	0	0	0
Digester / Sludge Project	5/17/07	0	3,221	3,221	100%	3,221	20	5.00%	161	899	1,060	2,161
Total 20-year service life		37,000	3,221	40,221		3,221			161	899	1,060	2,161
BR-Plant/Sewer System	7/01/08	1,242,472	(139,493)	1,102,979	100%	1,102,979	32	3.13%	34,523	152,478	187,001	915,978
Digester / Sludge Project	12/13/07	0	5,189	5,189	100%	5,189	32	3.13%	162	812	974	4,214
Total 32-year service life		1,242,472	(134,304)	1,108,168		1,108,168			34,685	153,290	187,975	920,192
Digester / Sludge Project	12/27/07	0	106,752	106,752	100%	106,752	35	2.86%	3,053	15,266	18,319	88,434
Total 35-year service life		0	106,752	106,752		106,752			3,053	15,266	18,319	88,434
Sewer System - Net	1/01/88	120,000	0	120,000	100%	120,000	32	3.13%	3,756	93,587	97,343	22,657
Total 45-year service life		120,000	0	120,000		120,000			3,756	93,587	97,343	22,657
Subtotal		2,344,467	89,191	2,433,658		2,281,325			96,918	728,839	825,757	1,455,569

ORS	Company
96,918	97,706
79,959	79,959
16,959	17,747

Depreciation Expense
Less: Company per books depreciation
Proposed Expense Adjustment

Footnote: BR = Bush River, Merged with DSI in docket No. 2008-69-S

**Development Service, Inc.
Docket Number 2014-406-S
Computation of Income Taxes
Test Year Ending December 31, 2013**

After Accounting & Pro Forma Adjustments

<u>Description</u>	\$
Operating Revenues	553,640
Operating Expenses	<u>512,632</u>
Net Operating Income Before Taxes	41,008
Less: Annualized Interest Expense	<u>37,504</u>
Taxable Income - State	3,504
State Income Tax Rate	<u>5%</u>
State Income Taxes	175
Less: State Income Taxes Per Book	<u>0</u>
Adjustment to State Income Taxes - ORS Adjustment (10)	<u>175</u>
Taxable Income - Federal	3,329
Federal Tax Rate	<u>34%</u>
Federal Income Taxes	1,132
Less: Federal Income Taxes Per Book	<u>0</u>
Adjustment to Federal Income Taxes - ORS Adjustment (11)	<u>1,132</u>

After Applicant's Proposed Increase

<u>Description</u>	\$
Operating Revenues	839,786
Operating Expenses	<u>522,712</u>
Net Operating Income Before Taxes	317,074
Less: Annualized Interest Expense	<u>37,504</u>
Taxable Income - State	279,570
State Taxable Income	<u>5%</u>
State Income Taxes	13,979
Less: State Income Taxes As Adjusted	<u>175</u>
Adjustment to State Income Taxes - ORS Adjustment (18)	<u>13,804</u>
Taxable Income - Federal	265,591
Federal Tax Rate	<u>34%</u>
Federal Income Taxes	90,301
Less: Federal Income Taxes As Adjusted	<u>1,132</u>
Adjustment to Federal Income Taxes - ORS Adjustment (19)	<u>89,169</u>